

## Message Text

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ACTION STR-07

INFO OCT-01 EUR-12 EA-10 IO-13 ISO-00 STRE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01  
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01  
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02  
SOE-02 OMB-01 DOE-15 /136 W  
-----012856 301419Z /75

R 301331Z MAY 78  
FM AMEMBASSY BRUSSELS  
TO SECSTATE WASHDC 6874  
INFO ALL EC CAPITALS  
AMEMBASSY TOKYO  
AMEMBASSY OTTAWA  
USMISSION GENEVA

C O N F I D E N T I A L SECTION 01 OF 02 BRUSSELS 10438

USEEC

PASS AGRICULTURE AND STR ELECTRONICALLY

PARIS ALSO FOR USOECD

GENEVA ALSO FOR USMTN

E.O. 11652: GDS  
TAGS: EAGR, EEC  
SUBJ: US/EC CONSULTATIONS - MTN DISCUSSION  
1. SUMMARY: UNDER SECRETARY COOPER AND VICE PRESIDENT  
HAFERKAMP AGREED ON POLITICAL IMPORTANCE OF REACHING  
FULL AGREEMENT ON MTN BY JULY AND REVIEWED POSITIONS  
ON INDIVIDUAL MTN ISSUES. THEY STRESSED THAT SUBSTAN-  
TIVE AGREEMENT MUST BE REACHED WITHIN THE NEXT MONTH  
SO THAT REMAINING TIME CAN BE USED TO SEEK AGREEMENT  
FROM OTHER INDUSTRIALIZED DEMOCRACIES AND LDC.S. END  
SUMMARY.  
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2. EC VICE PRESIDENT HAFERKAMP AND UNDER SECRETARY  
COOPER REVIEWED PROGRESS ON MTN DURING PLENARY DISCUS-  
SION MAY 26. THEY AGREED THAT MAJOR PROGRESS HAD BEEN  
MADE IN THE YEAR SINCE THE DOWNING STREET SUMMIT.  
WORKING BACKWARDS FROM THE BONN SUMMIT DATE, COOPER  
SUGGESTED THAT WE REALLY HAVE ONLY ABOUT A MONTH LEFT

TO REACH AGREEMENT ON SUBSTANCE SO THAT THE INTERVENING TIME CAN BE USED FOR DISCUSSIONS WITH OTHER INDUSTRIALIZED COUNTRIES AND LDC.S.

3. ON AGRICULTURE, COOPER THOUGHT WE HAD MADE CONSIDERABLE PROGRESS RECENTLY. THERE IS NOW A GOOD BASIS FOR A WHEAT AGREEMENT AND THE PROSPECT OF SOME KIND OF ARRANGEMENT ON FEED GRAINS AND MEAT. THE U.S. HAS REQUESTED SPECIFIC CONCESSIONS ON CERTAIN AGRICULTURAL ITEMS AND IS AWAITING AN EC RESPONSE. ON SUBSIDIES/COUNTERVAILING DUTIES, COOPER THOUGHT WE HAD MADE SLOW PROGRESS AND EMPHASIZED THAT A CODE IS AN ESSENTIAL PART OF THE FINAL PACKAGE. HE SAID THE FEELING IN THE U.S. NOW IS THAT SUBSIDIES HAVE REPLACED TARIFFS AS THE MAJOR TRADE DISTORTION. ON TARIFFS, COOPER EXPRESSED WORRY OVER THE DYNAMICS ON TARIFF OFFERS. THE EC HAD TABLED A POTENTIAL WITHDRAWAL LIST. WE WANT TO AVOID HAVING THE TARIFF EXERCISE TURNED INTO A COMPETITION TO PRODUCE EVERMORE RESTRICTED OFFERS. ON STANDARDS, COOPER SAID HE UNDERSTOOD THERE WAS SOME PROBLEM INVOLVING REGIONAL CERTIFICATION SCHEMES WHICH HE HOPED COULD BE RESOLVED. IN GENERAL, IT IS IMPORTANT TO WORK TOGETHER TO ENSURE THAT STANDARDS DO NOT SERVE AS DISTORTIONS TO PATTERNS OF TRADE. HE CALLED GOVERNMENT PROCUREMENT AN EVER-GROWING COMPONENT OF GOODS TRANSACTIONS. WE NEED A CODE NOW TO LAY OUT THE GROUND RULES AND MUST STRIVE FOR OPENNESS IN GOVERNMENT PURCHASES. ONE ADDITIONAL REASON IS THAT LDC.S ARE A GROWING PART OF WORLD TRADE AND MANY OF THEIR PURCHASES ARE GOVERNMENT CONTROLLED.

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TIONAL REASON IS THAT LDC.S ARE A GROWING PART OF WORLD TRADE AND MANY OF THEIR PURCHASES ARE GOVERNMENT CONTROLLED.

4. HAFERKAMP EXPRESSED AGREEMENT WITH THESE REMARKS. HE SAID THE EC HAS DECIDED TO WORK VERY HARD SO THAT THE BONN SUMMIT CAN MAKE A DECLARATION, DECISION OR COMMITMENT ON MAJOR ELEMENTS OF THE PACKAGE AND ENCOURAGE PARTICIPANTS IN THE LAST FORTNIGHT OF THE MTN IN THE SECOND HALF OF JULY. HE MENTIONED THAT THE MTN IS ONE CHAPTER OF THE DOWNING STREET COMMUNIQUE WHICH WE HAVE ACHIEVED, A STATEMENT WHICH CANNOT BE MADE ABOUT THE OTHER CHAPTERS. WE NOW NEED TO FURTHER NARROW OUR DIFFERENT POSITIONS AND TO BRING IMMEDIATELY INTO THE PICTURE THE OTHER INDUSTRIALIZED COUNTRIES AND THE LDC.S. HAFERKAMP SAID WE ALSO NEED TO ENCOURAGE THE GATT SECRETARIAT AND DIRECTOR GENERAL TO PLAY AN ACTIVE ROLE. ON TARIFFS, HAFERKAMP AGREED ON THE DANGERS OF EXCEPTIONS AND SAID THAT THE EC BELIEVES WE SHOULD SEARCH INSTEAD FOR IMPROVEMENTS IN OFFERS. ONLY IF NO IMPROVEMENTS ARE POSSIBLE WOULD THE EC THEN LOOK AT WITHDRAWALS. THE EC INTENDS TO MAINTAIN THIS LINE. IT WILL DO EVERYTHING IT CAN TO REACH POLITICAL AGREEMENTS IN THE

TIME ALLOTTED.

5. COOPER THAN ASKED SIR ROY DENMAN FOR HIS VIEWS ON  
TIMING OVER THE NEXT MONTH. DENMAN REPLIED THAT HE AND  
DEPUTY STR MCDONALD HAD AGREED TO FREQUENT MEETINGS IN  
THE NEXT FEW WEEKS. RABOT WILL SEE MCDONALD EARLY NEXT  
WEEK AND DENMAN ON JUNE 2-3 IN GENEVA. A SECOND DENMAN-  
MCDONALD MEETING HAS BEEN POTENTIALLY SET FOR JUNE 13.  
THEIR JOINT AIM IS TO CLEAR AWAY AS MUCH OF THE BRUSH  
AS POSSIBLE SO AS TO ALLOW DECISIONS AT A TRILATERAL  
MINISTERIAL-LEVEL MEETING IN WASHINGTON ON JUNE 19-20.

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C O N F I D E N T I A L SECTION 02 OF 02 BRUSSELS 10438

ON TARIFFS, DENMAN SAID HE AGREED THAT UNRAVELLING IS  
A DANGER. HE THOUGHT WE HAD A COMMON CAUSE IN SEEKING  
IMPROVEMENTS FROM JAPAN AS WELL AS FROM CANADA. HE SAID  
HE THOUGHT THE U.S. UNDERSTOOD THE IMPORTANCE THE EC  
ATTACHES TO SELECTIVE SAFEGUARDS. HE RECOGNIZED THAT SOME  
GREATER DISCIPLINE ON SUBSIDIES IS NECESSARY IN ORDER TO  
OBTAIN AN INJURY PROVISION FROM CONGRESS. THE PROBLEM IS  
TO FIND WORDS THAT WON'T ALARM EC MEMBER STATES OVER  
THEIR REGIONAL AND INDUSTRIAL POLICIES. ON GOVERNMENT  
PROCUREMENT, DENMAN SAID SOME MEMBER STATES ARE WORRIED  
OVER VARIOUS BILLS IN CONGRESS TO TIGHTEN THE BUY-AMERICAN  
ACT. COOPER SAID HE TOOK THE POINT AND SEES IT AS ANOTHER  
REASON TO OBTAIN AN INTERNATIONAL UNDERSTANDING AS A WAY  
TO BLOCK SUCH DOMESTIC MEASURES. HE EXPRESSED APPRECIATION

OF THE POINTS ON CANADA AND JAPAN. HE SUGGESTED WE ALSO  
PRESS SOME OF THE MORE ADVANCED LDC.S FOR CONCESSIONS.  
HE SAID THAT IT WILL HELP US TO SELL THE PACKAGE AT HOME  
IF WE CAN POINT TO SOME LDC CONTRIBUTIONS. ON SELECTIVE  
SAFEGUARDS, COOPER SAID THE US GOVERNMENT HAS ACCEPTED  
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THE PRINCIPLE BUT IS VERY MUCH WORRIED ABOUT POSSIBLE  
ABUSES AND ANY UNRAVELLING OF MULTILATERAL TRADING RULES.  
FOR THIS REASON WE WANT TO SEE ANY SELECTIVE SAFEGUARDS  
VERY MUCH COUCHED IN AN INTERNATIONAL CONTEXT. HAFERKAMP  
SAID THAT THE EC AGREES ON THIS POINT; THE QUESTION IS  
TO FIND THE CORRECT FORMULA. HINTON

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## Message Attributes

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